Assumptions/Factors

- **Total resident FTES target of 7,751**
  - 7,547 resident FTES is our base funding allocation. We did not achieve base allocation in 2012/13 resulting in us being on stability.
  - **204 resident FTES of growth/restoration** allocated to LMC, with the assumption that we will exceed base.  
    *Note: LMC is being funded at its 7,751 FTES target which includes the 204 growth/restoration.*
- **Productivity rate of 17.0** (lower productivity rate compared to previous years) led to an increase in projected expenditure in instructional salaries in order to meet FTES target.
- **Pay increases and parity payments** - faculty, management, classified and student workers’ 2% pay increases; and 2013/14 parity payments (included in the budget whereas previously allocated by the District).
- **Approximately 7% increase in employer paid health and welfare benefits**
- **Higher than usual deficit funding reserves** to account for potential shortfall in state revenues for fiscal years 2012/13 and 2013/14.

**LMC Adoption Budget Components**

**Revenues:**
- State revenue is driven primarily by FTES.
  - The biggest revenue source for the District is our apportionment funding. This revenue amount is determined based on the total number of funded Full Time Equivalent Students (FTES).
  - Funded FTES is approximately $4,637 per credit FTES and $2,788 for non-credit FTES.
  - Other financing sources include:
    - Lottery funds
    - Mandated cost block grants
    - Part-time faculty health benefits
    - Part-time faculty office hours
    - Part-time faculty parity pay
- Local revenue is also generated by the college; this amount is estimated based on the prior year’s actual income
  - Examples of local revenues include 2% enrollment fees, student fees and rental income

**Expenses:**
- 92% of LMC’s expenses are in salaries and benefits.
  - Remaining expenses are supplies, other operating and capital outlay costs.

**Reserves:**
- Reserves are held for anticipated and unanticipated factors that may impact the college’s operations.
  - Examples of these include:
    - 1% minimum site reserves dictated by District procedures
    - Load bank and vacation liabilities
    - ISA payback
    - Deficit funding
    - Potential FTES and productivity shortfalls
## 2013/2014 Adoption Budget Summary

<table>
<thead>
<tr>
<th>Description</th>
<th>Pre- SB 361</th>
<th>SB 361 Allocation Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resident FTES</td>
<td>8,543</td>
<td>7,724</td>
</tr>
<tr>
<td>Apportionment Revenue</td>
<td>$40,273,981</td>
<td>$2,610.00</td>
</tr>
<tr>
<td>Federal Revenue</td>
<td>$14,745.00</td>
<td>$2,610.00</td>
</tr>
<tr>
<td>State Revenue</td>
<td>$1,204,465.00</td>
<td>$150,829.00</td>
</tr>
<tr>
<td>Local Revenue</td>
<td>$1,291,662.00</td>
<td>$803,860.00</td>
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<tr>
<td>Other Financing Sources</td>
<td>$1,706,363.00</td>
<td>$31,651,971.00</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$44,491,216.00</strong></td>
<td><strong>$32,609,270.00</strong></td>
</tr>
<tr>
<td>Academic Salaries</td>
<td>$17,243,622.00</td>
<td>$16,547,522.00</td>
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<tr>
<td>Classified Salaries</td>
<td>$7,867,905.00</td>
<td>$6,457,178.00</td>
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<tr>
<td>Benefits</td>
<td>$7,091,909.00</td>
<td>$7,129,045.00</td>
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<tr>
<td>Supplies</td>
<td>$688,495.00</td>
<td>$522,680.00</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>$1,417,111.00</td>
<td>$1,368,790.00</td>
</tr>
<tr>
<td>Capital Outlay</td>
<td>$161,549.00</td>
<td>$36,341.00</td>
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<tr>
<td>Transfers and other Outgoing</td>
<td>$8,390,186.00</td>
<td>$818,275.00</td>
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<tr>
<td><strong>Total Expense</strong></td>
<td><strong>$42,860,777.00</strong></td>
<td><strong>$32,879,831.00</strong></td>
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<tr>
<td>Net Revenue/(loss)</td>
<td>$1,630,439.00</td>
<td>$(270,561.00)</td>
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<tr>
<td>Beginning Fund Balance</td>
<td>$860,991.00</td>
<td>$2,491,430.00</td>
</tr>
<tr>
<td>Ending Fund Balance</td>
<td>$2,491,430.00</td>
<td>$2,220,869.00</td>
</tr>
</tbody>
</table>

### Reserves

- **Deficit Funding (RDA Deficit)**: $590,868.00
- **College (1% mandatory and enrollment reserves)**: $805,950.00
- **Load Bank and Vacation Liabilities (Known liabilities)**: $88,968.00
- **ISA Payback (To state)**: $976,229.00
- **ISA Payback (To District Office)**: $488,115.00
- **Designated (Departmental reserves)**: $84,919.00
- **Total Restricted**: $3,035,049.00

### Total Unrestricted

$498,364.00

### Total Reserves

$3,533,413.00
### LMC’s Budgeting Cycle

**District (DO) calculates anticipated state apportionment revenue, based on enrollment management goals for the year**

**DO subtracts estimated cost for mandated expenditures (e.g. contractual and regulatory costs)**

**DO allocates estimated net revenue to the colleges (based on anticipated FTES per college) in addition to other local revenues**

**DO provides each college’s Business Office Director (BOD) with a revenue allocation model along with prior year’s budget and actual information**

**Based on the results, each department submits a Resource Allocation Proposal (RAP) identifying classified and program improvement or maintenance needs**

**LMC Shared Governance Council (SGC) reviews, approves and prioritizes departmental RAP proposals. Results are provided to the BOD**

**BOD reviews information from DO and LMC SGC and – in concert with LMC department heads, VP of Instruction and President – develops tentative budget based on prior year information and current needs.**

**DO communicates additional changes to BOD, based on new information from the state, Chancellor’s Cabinet or Board**

**DO communicates additional changes to BOD, based on new information from the state, Chancellor’s Cabinet or Board**

**Adoption budget is approved by the President and approved RAP proposals are communicated to the campus. BOD submits to DO**

**BOD incorporates changes and proposes an Adoption Budget to the President**

**LMC community (departments) communicates additional changes to the BOD**

**ADOPTED BUDGET is communicated to LMC community and monitors departmental expenses**

**BOD communicates Adopted Budget to LMC community and monitors departmental expenses**

**DO combines District-wide budget and presents to the Board**

**Board approves the Adoption Budget and DO communicates Adopted Budget to colleges**

**Adopted Budget is loaded into Colleague (Datatel), by DO**

**LMC’s Tentative Budget is communicated to the DO, SGC and LMC Community**

**DO reviews and– in concert with the BOD– makes changes as necessary**

**Adoption Budget is presented to SGC**

**BOD communicates additional changes to BOD, based on new information from the state, Chancellor’s Cabinet or Board**

**BOD reviews information from DO and LMC SGC and – in concert with LMC department heads, VP of Instruction and President – develops tentative budget based on prior year information and current needs.**

Blue boxes - District Office/Board process/Board
Orange boxes - LMC Community’s Processes
Pink box - President’s Process
Green boxes - Business Office Director’s Processes